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***MONTANA DEPARTMENT OF TRANSPORTATION  
STATE HIGHWAY TRAFFIC SAFETY OFFICE  
SUBGRANTEE CONTRACT MANAGEMENT MANUAL***

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## **ATTACHMENTS**

SPECIFIC TO:

### **ALL:**

- NHTSA GRANT FUNDING POLICY (includes Allowable/Unallowable Costs)
- NHTSA LOBBYING RESTRICTIONS
- REIMBURSEMENT CLAIM FORM

## **LAW ENFORCEMENT:**

### **a) EQUIPMENT**

- EQUIPMENT REPORTING FORM
- EQUIPMENT REPORTING FINAL REPORT FORM

### **b) SELECTIVE TRAFFIC ENFORCEMENT PROGRAM (STEP):**

- MOBILIZATION REPORT FORM
- SUSTAINED ENFORCEMENT QUARTERLY REPORT FORM
- SUSTAINED ENFORCEMENT FINAL REPORT FORM

# ***Chapter 1***

## ***“Standard Agreement” Preparation***

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### **1.1 GENERAL**

Each year, the Department of Transportation receives Federal funds from the National Highway Traffic Safety Administration for highway safety program areas for which effective countermeasures have been identified. Programs developed in such areas are eligible to receive these Federal funds through the Department of Transportation State Highway Traffic Safety Office, pursuant to guidelines issued by NHTSA. Funds provided are described in the Catalog of Federal Domestic Assistance (CFDA), number 20.600 – 20.605.

This chapter outlines the instructions for preparation, information to be included, and steps required in the preparation of the Montana Department of Transportation (MDT) “Standard Agreement” grant contract. The individual component pages and schedules of the “Standard Agreement” are identified and the terms of the agreement between the applicant agency, herein called the Contractor, and MDT are summarized. This chapter also includes helpful notes and references to other pertinent chapters to assist in this process.

### **1.2 FORM OF AGREEMENT**

**1.2.1** Depending on the type of grant awarded, a Montana Department of Transportation “Standard Agreement” consists of certain grant-specific documents, listed below:

- 1) Assurances and Certifications Notice to Contractors Exhibit A
- 2) Proposed Project Exhibit B
- 3) Montana Highway Traffic Safety Project Reimbursement Claim Form Exhibit C
- 4) Equipment Reporting Form Exhibit D
- 5) Equipment Purchase Final Report Form Exhibit E
- 6) Mobilization Report Form Exhibit D
- 7) Sustained Enforcement Quarterly Report Exhibit E
- 8) Sustained Enforcement Final Report Form Exhibit F

**1.2.2** The importance of prior planning and a detailed project description cannot be overemphasized. The Montana Department of Transportation (MDT) personnel are available to help at any stage in the preparation of your project proposal.

**1.2.3** Two (2) sets of the “Standard Agreement”, complete in all details are prepared by the State Highway Traffic Safety Office. Both sets must have ***original signatures*** on the signature page (Agreement and Authorization to Proceed).

**Note: Whiteout may not be used anywhere on the signature page and no one may sign “for” individuals whose names appear on the signature page.**

### **1.3 “STANDARD AGREEMENT” (PAGES 1-5)**

The General Agreement Provisions Sections of the “Standard Agreement” summarize the terms of this contract between the contractor and MDT:

**1.3.1** Provisions and information furnished by the contractor on Pages 1-5, are detailed below:

***Section I, Coordination of Agreement Documents*** – This section explains that if there is a discrepancy between the Provisions of the Agreement and the Project Proposal, the Provisions shall prevail.

***Section II, Purpose, Scope and Methods*** – Define and document the purpose and scope of your project and your implementation methodology on the Proposed Project Form (Exhibit B).

***Section III, Reports*** – Quarterly reports, when required, are due by the 30<sup>th</sup> day of January, April, July, and October describing the activities of the past quarter. Equipment contracts less than five thousand dollars (\$5,000) do not require quarterly reports, however, a Final Report and Equipment Reporting form are required by the end of the contract period. Based on the objectives outlined in your proposal, some examples of the type of information to be reported include: accomplishments, difficulties, decisions made, etc. A final report is due within 30 days of completing the project and must be approved and accepted by MDT unless this requirement is waived in Section XX.

***Section IV, Time*** - Indicate the beginning and ending dates. The Project activities shall start within 10 days of signing this Agreement. The project shall be completed no later than September 30<sup>th</sup> of each Federal Fiscal Year.

***Section V, Agreement Cost*** – Agreement costs shall be identified in the Proposed Project (Exhibit B) and on Page 2.

***Section VI, Payment and Audit*** – Invoices requesting reimbursement for costs incurred for the project shall be submitted on a Monthly basis; or as agreed to with the State Highway Traffic Office. Reimbursements by MDT shall be made on a Monthly, Quarterly or Lump Sum basis for actual direct costs, provided the total amount does not exceed the contracted agreed upon total. Indirect costs will also be reimbursed if an Indirect Cost Plan has been submitted and approved and MDT has agreed to the percentage rate. Staff salaries must be within a “normal” range and no “extra compensation” salaries will be paid without prior written approval by MDT.

Reimbursements will not be paid for any costs not clearly and accurately supported by the Contractor's records. Ten percent (10%) of the total project costs or two thousand dollars (\$2,000), whichever is less, may be withheld from the final claim as surety for completion of this Agreement. If during the term of the agreement, Federal funds become reduced or eliminated, the Department may immediately terminate or reduce the grant award upon written notice to the project director. Unless waived in Section XX, local government contractors subject to the authority of the Montana Single Audit Act will secure an independent audit in compliance with OMB Circular A-133, Department of Administration); all other government and non-profit contractors will obtain an independent audit in compliance with OMB Circular A-133. Audits must be submitted to the Department of Transportation, State Highway Traffic Safety Office.

***Section VII, Source of Funds*** – Federal Funds made available under Public Law 89-564 as amended, with the appropriate proportion of State matching funds shall be used in payment unless otherwise indicated under Section XX. Related CFDA number is on page 1, paragraph 1 of the “Standard Agreement”.

***Section VIII, Subcontracting and Special Services*** – A written proposal must be approved by MDT prior to subcontracting any portion of this Agreement. If approved, a formal subcontract must be developed. The project director will manage the services of the Contractor. If the project director delegates tasks under this agreement to another person, the point of contact shall be named on the “Standard Agreement” signature page.

***Section IX, Proprietary Rights*** – The parties to this Agreement agree that if patentable discoveries or inventions should result from work of the Contractor described herein, all rights accruing from any copyrights, patentable discoveries or inventions shall be the sole property of MDT.

***Section X, Inspection of Work*** – With reasonable notice, MDT shall exercise general supervision over the work of the project and have access to the premises, all data, notes, records, correspondence, instructions and memoranda pertaining to the work outlined in the contract..

***Section XI, Records*** - All original invoices and records supporting the services rendered must be retained for a period of three (3) years after the completion date and the contractor shall agree to provide United States Department of Transportation, MDT, State Highway Traffic Safety Office, or the Legislative Auditor access to any records.

***Section XII, Ownership of Data*** – MDT shall be the owner of all data, summaries and charts collected under this agreement.

***Section XIII, Insurance Requirement*** – All contractors, other than state and local government contractors, must file Certificates of Insurance with the Purchasing Services Bureau within ten (10) working days of notice of award and it must be valid throughout

the entire contract period. Contracts will not be issued to contractors without proof of Workers' Compensation Insurance valid with the State of Montana or proof of exemption thereof.

***Section XIV, Equipment and Instrumentation*** – All approved purchases of apparatus, tools and equipment used exclusively for this agreement, shall remain the property of MDT subject to the following provisions (with the exception of law enforcement equipment purchases of five hundred dollars (\$500) or more per unit cost):

- MDT, prior to reimbursement, must approve all major apparatus and equipment purchases, in writing;
- Proper competitive bid practices must be used when buying major items such as equipment and apparatus. Such items would cost more than five thousand dollars (\$5,000) and its useful life lasts more than 1 year.
- Apparatus and equipment, including computer software costs shall be listed as direct costs, not indirect costs.
- The title for all purchased equipment shall remain with the contractor until the equipment ceases to be used in the State Highway Traffic Safety Program. When the equipment is no longer being used, the contractor will notify the State Highway Traffic Safety Office in writing.

***Section XV, Travel*** – Written approval by MDT for out-of-state travel is mandatory prior to incurring costs. If in-state travel was not initially provided for in the Agreement, this too must be proposed and approved in writing by MDT prior to travel. Reimbursements for travel shall be at state or local rates unless otherwise agreed to in the project proposal.

***Section XVI, Publication*** - After acceptance and publication of the final contractual report, the contractor, MDT, and State Highway Traffic Safety Office are free to publish or use the data and results without restriction with the exception of copyrighting. Papers, interim or final reports or other materials that are part of this project shall not be copyrighted except with prior written approval by MDT and the State Highway Traffic Safety Office.

***Section XVII, Termination of Contract*** – Ten (10) working days notice must be given to the contractor if it is deemed the best interest of MDT to terminate the Agreement. Only approved actual expenses incurred to the date of termination will be reimbursed to the contractor.

***Section XVIII, Legal Relations*** – Contractor shall comply with all Federal, State and Local Laws and Ordinances applicable to the work to be done under this Agreement. The First Judicial District in and for the County of Lewis and Clark, Montana is where the venue will be in case of litigation over this Agreement. For more information about Legal Relations, see page 5, Section XVIII of the “Standard Agreement”.



***Section XIX, Exhibits Attached to the “Standard Agreement”:***

- See Section 1.2.1

***Section XX, Other Provisions, If Applicable*** – Document all other provisions including waived requirements.

# ***Chapter 2***

## ***Project Costs***

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### **2.1 GENERAL**

This chapter sets forth basic principals for determining allowable costs under the State Highway Traffic Safety Office. These principles are not intended to identify the circumstances or dictate the extent of funding under a particular grant. The application of these principles is based on the fundamental premise that:

- Contractors are responsible for efficient and effective administration of the project through the application of sound management practices.
- Contractors assume responsibility for administering project funds in a manner consistent with underlying agreements, project objectives, and the terms and conditions of the “Standard Agreement”.
- Costs are compatible with the applicable federal requirements from:
  - Highway Safety Grant Funding Policy for NHTSA Field Administered Grants
    - <http://www.nhtsa.dot.gov/nhtsa/whatsup/tea21/index.html>
  - OMB Circular A-87; Cost Principles for State and Local Governments
  - OMB Circular A-21; Cost Principles for Educational Institutions
  - OMB Circular A-122; Cost Principles for Non-Profit Organizations
  - OMB Circular A-133; Audits of States, Local Governments, and Non-Profit Organizations
    - <http://www.whitehouse.gov/omb/circulars/index.html>

### **2.2 DEFINITIONS**

#### **Applicable Credits**

Applicable Credits are receipts or reductions of expenditure-type transactions that offset or reduce expense items allocable to grants as direct or indirect costs. Examples are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges.

#### **Cost**

The amount of money or value exchanged for property or services as determined on a cash, accrual, or other recognized accounting basis.

#### **Direct Allocations**

Joint costs, such as depreciation, rental costs, operation and maintenance of facilities, telephone expenses, and the like that are prorated individually as direct costs using a base which accurately measures the benefits received by each contractor other activity. Direct allocations must be identified in the budget and distribution methods approved by MDT to be reimbursed as a project cost.

**Direct Costs**

Those expenses which can be charged directly as a part of the cost of a product or service, or of a government unit or operating unit. These are distinguished from overhead and other indirect costs which must be prorated among several products or services, or governmental units or operating units.

**Indirect Costs**

Those expenditures incurred which by their nature cannot be readily associated with a specific project. For example, overhead expenses are prorated to the project based on benefit received from the expense.

**Supplanting**

Those expenditures which replace routine and/or existing expenditures with the use of NHTSA grant funds and/or using NHTSA grant funds for costs of activities that constitute general expenses required to carry out the overall responsibilities of State, local, or Federally-recognized Indian tribal governments.

**NOTE: Supplanting is an unallowable cost.**

## **2.3 ELIGIBILITY REQUIREMENTS**

To be eligible for reimbursement under MDT projects, costs must:

- Be a necessary and reasonable project cost
- Not be a general governmental expense
- Be authorized and not prohibited under State or local laws/regulations
- Be consistent with contractor's regular procedures and apply uniformly to both project-related activities and non-project related activities
- Be net of all applicable credits and adequately documented
- Be authorized in the contract budget.
- Not be a prepayment
- Not be incurred before or after the project period
- Not be unreimbursed costs shifted from another project
- Not be used to replace expenditures previously paid with another source (**supplanting**)

## **2.4 TOTAL PROJECT COSTS**

Total project costs consist of the allowable direct costs of the project, plus its allocable portion of allowable indirect costs, less applicable credits and program revenue. There is no universal rule for classifying specific cost items as either direct or indirect. Under different accounting systems, a cost may be direct with respect to a specific service or function, but indirect with respect to the grant. It is, however, essential that the accounting system treat each item of cost consistently, either as direct, direct allocation, or an indirect cost.

## **2.5 ALLOWABLE DIRECT COSTS**

All direct costs are categorized in the “Standard Agreement” as personal services and benefits, travel, contracted services, equipment, paid media, supplies and materials, maintenance, or other direct costs. Examples of typical direct costs reimbursable for each category under highway traffic safety projects are listed below. For a complete list of allowable costs for federal programs, see Attachment A.

### **2.5.1 Personnel Costs**

This category should contain only the direct compensation for salaries and fringe benefits of contractor employees hired expressly for the project and for the time and effort spent on project related activities.

- Salaries – May include wages, salaries, or special compensations provided the cost for the individual employee is:
  - (a) reasonable for the services rendered, and
  - (b) follows an appointment made in accordance with state or local laws and rules, and
  - (c) meets federal requirements.

**Note: Reimbursements of individual salaries that result in a salary savings to the contractor are not allowable (supplanting).**

- Fringe Benefits – Employee benefits for authorized absences such as annual leave and sick leave, as well as employer’s contributions to social security, health insurance, workmen’s compensation, and the like provided they are granted under approved plans, and are distributed equitably to the grant and all other activities.

**Note: Costs for authorized absences are only reimbursable up to the amount earned during the term of the project.**

### **2.5.2 Travel Expenses**

This category should contain the direct expenses for project related travel incurred by personnel identified in the budget. Allowable costs include transportation, subsistence, and lodging, incurred in accordance with the contractor’s documented travel policies. Lodging costs should not exceed the state rate unless written justification is submitted and approved by MDT. If documented policies do not exist, state travel policies will apply. These may be obtained from your Program Specialist.

**Note: Out-of-state trips require individual written trip approval from MDT prior to incurring costs and be identified in the Proposed Project ( Exhibit B) of the “Standard Agreement”. In the event in-state travel is not specifically provided for in the Proposal but becomes necessary, said travel shall also have prior approval by the State. Reimbursement**

**for both in-state and out-of-state travel shall be at state or local government rates, or as specifically stated in the project proposal.**

### **2.5.3 Contractual Services**

This category should contain any professional services and associated costs necessary to complete project objectives that are not available through the contractor or staff and require contractual agreements in accordance with the contractor's normal procurement procedures. This category also applies to mini-grants to sub-recipients completing project objectives through an award process.

**Note: In accordance with NHTSA policy, all subcontracts must be submitted to MDT for reimbursement approval prior to fully executing the contract.**

### **2.5.4 Equipment**

This category should include only those nonexpendable, tangible property items with a useful life of more than one year, which cost five thousand dollars (\$5,000) or more per item, and are specifically required to carry out project activities. The total cost of equipment includes modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for project purposes including tax and shipping, excluding any discounts. Exceptions of typical traffic safety related equipment include radar, in-car videos and portable breath testers (PBT's).

### **2.5.5 Other Direct Costs**

This category should include direct items of expense, such as educational materials, supplies, minor equipment, and services not requiring contractual agreements, acquired or consumed for purposes of the project.

**Note: The cost of any items or services, which would not otherwise be allowable, using the contractor's own funds are not allowable using project funds. In addition, any joint costs that are prorated as direct costs to the project must have allocation method reviewed for reimbursement eligibility in advance by MDT.**

## **2.6 INDIRECT COSTS**

Indirect costs are those:

- a) incurred for a common or joint purpose benefiting more than one cost objective, and
- b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

Indirect cost pools should be distributed to benefited cost objectives on a basis that will produce an equitable result in consideration of relative benefits derived. Typical indirect costs may

include depreciation and use allowances on equipment, the costs of operating facilities and equipment, and general administration and general expenses. The State Highway Traffic Safety Office (MDT), in accordance with permissible limits of federal expenditure guidelines (OMB Circular A-87), and NHTSA funding guidelines (Highway Traffic Safety Grant Management Manual) limits indirect cost reimbursement for its project agreements and their primary contractual service agreements based on the following policies.

**2.6.1** Allowable indirect costs, as defined in the circular, shall be reimbursed at a predetermined fixed rate based on your indirect cost plan approved by the cognizant agency, where applicable.

## **2.7 ALLOWABLE COSTS WITH SPECIFIC CONDITIONS OR LIMITATIONS**

The following is a list of selected costs that are allowable under specific conditions. Contact your program specialist for additional guidance on allowable costs or refer to the appropriate OMB Circular for cost principles referenced in 2.3.

- Travel for Out-of-State Individuals – Travel related expenses for out-of-state individuals are allowable **if MDT provides prior approval** and expenses are for specific services benefiting the project.
- New Training Curricula and Materials – Costs for development are allowable if they will not duplicate materials already developed for similar purposes.
- Meetings and Conference – Costs of meetings and conferences, where the primary purpose is the dissemination of technical information, are allowable, transportation, rental of meeting facilities, and other incidental costs. Adequate records must be maintained to document that the primary purpose of the meeting was for dissemination of technical information.

## **2.8 UNALLOWABLE COSTS FOR SELECTED ITEMS**

The following is a list of selected costs that are ineligible for reimbursement under the National Highway Traffic Safety Administration (NHTSA) Grant Management Policy and the State Highway Traffic Safety Office policy. For additional information relating to unallowable costs please refer to Attachment B or ask your program specialist.

### Facilities and Construction

- Highway construction, maintenance, or design
- Construction or reconstruction of permanent facilities, such as paving, driving ranges, towers, and non-portable skid pads
- Highway safety appurtenances including longitudinal barriers (such as guardrails), regulatory and warning signs and supports, field reference markers, luminaire supports, and utility poles
- Construction, rehabilitation, or remodeling of any building or structure
- Cost of land

- Purchase of office furnishings and fixtures such as, but not limited to, the following:

Coat Rack	Desk	Credenza	Storage Cabinet
Office Planner	Chair	Book	Portable Partition
Fixed Lighting	Table	Filing Cabinet	Picture, Wall Clock
Lamp	Shelving	Floor Covering	Draperies and Hardware

Equipment – Traffic signal preemption systems

Training – Cost of individual's salary while pursuing training or the salary of the individual's replacement, unless their salary is already supported by the project

Program Administration

- Supplanting, which includes the use of funds for routine and/or existing governmental expenditures, or activities that constitute general expenses required to carry out overall responsibilities of governmental entity;
- Coffee, bottled water, or any other beverages, candy, donuts, snacks, or any other food items (See 2.7, Meetings and Conferences);
- Entertainment costs including amusement, and social activities and any costs directly associated with such costs (such as tickets to shows or sporting events, meals, lodging, rentals, transportation, and gratuities);
- Alcoholic beverages for any consumption purposes including controlled training settings for law enforcement;
- Cost of overnight or courier mail service unless approved by MDT Program Specialist;
- Contributions and donations, including cash, property, and services to others, regardless of the recipient;
- Cost of fund raising, including financial campaigns, solicitation of gifts, and similar expenses incurred to raise capital or obtain contributions;
- Contingency provisions for contributions to a contingency reserve or similar provision for unforeseen events excluding self-insurance reserves;
- Fines, penalties, damages, and other settlements resulting from violations or noncompliance;
- Costs of commercial insurance that protects contractor for correction of defects in materials or workmanship;
- Costs not recovered under one grant agreement are unallowable under other grant Agreements; and
- Lobbying by State officials who receive NHTSA funds.

## *Chapter 3*

# *Implementation and Control of Approved Projects*

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### **3.1 GENERAL**

This chapter describes the implementation process for project agreements and defines responsibilities for the contractor, project director, fiscal or accounting official and MDT for project control. This chapter also contains information on revising project agreements, withholding, reducing, disallowing, or terminating funds, and closing out or terminating projects.

### **3.2 APPROVED “STANDARD AGREEMENT”**

When the project has been approved, the contractor receives notification from MDT to proceed according to the conditions and design authorized in the approved “Standard Agreement”. A copy of the approved “Standard Agreement” and required forms for grant monitoring will serve as notification as well as other forms of communication. (i.e. letters, email, etc.) The “Standard Agreement” will show an effective start date on Page 1 and termination date on page 2.

**Note: Claims for reimbursement may be made only for costs incurred on or after the effective date. No reimbursement will be provided for expenditures incurred prior to the effective date or after the project period ending date.**

### **3.3 PROJECT DIRECTOR**

The project director named in the “Standard Agreement” is responsible for ensuring budgeted costs are in accordance with the contractor’s standard policies and procedures and accounting records are maintained that separate and accurately record project costs. In addition they ensure claims for reimbursement of project costs are limited to those specifically authorized in the project agreement and are prepared using project accounting records or a process that reconciles claims no less than once a quarter with the project records.

The project director should be available for periodic operational reviews with their MDT program specialist. The project director is responsible for establishing operating procedures and controls, which will ensure adequate administration of the project in accordance with the terms of the agreement with emphasis on:

- Meeting work schedules
- Maintaining costs within the approved budgets
- Maintaining sufficient documentation for validation of project progress and accountability funds expended (Chapter 4)
- Submitting required project reports (Chapter 7)
- Conducting project evaluations



### **3.4 MDT RESPONSIBILITY**

MDT has the responsibility and authority to review and evaluate each project. Such review and evaluation will be made for the purpose of assisting the contractor understand and comply with the required procedures and gain maximum benefits from the funds expended. MDT will also assist in the coordination of meetings with other agencies having similar projects and provide any available information.

### **3.5 CONTRACTOR RESPONSIBILITY**

Contractors are responsible for promptly notifying their MDT Program Specialist regarding any changes or problems that arise during the project period. They are also encouraged to have meetings with other agencies having similar projects in operation, for the purpose of coordinating related activities. State applicant agencies must comply with all applicable state requirements.

### **3.6 PROJECT REVISIONS**

Project revisions include any project agreement change(s) that are necessary to enhance the operational efficiency of the project. (All other deviations from the approved budget or project agreement require PRIOR MDT approval).

### **3.7 REVISION REQUESTS FOR MDT APPROVAL**

All changes require a contract amendment revision. Revision requests may be made by fax, letter, email, memo, or by telephone. The following provides examples of requested changes/revisions to the “Standard Agreement”:

- State Highway Traffic Safety Office Project Period;
- Project Director or Authorizing Official;
- A budgeted cost category increase in excess of 5%;
- Significant changes to the project goals and objectives that affect the scope of the project;
- Significant changes to the method of procedure that affects the project ending;
- A redistribution of monies between budget categories for line items already listed in Exhibit B;
- A specific cost item not included in the budget for which funding is available within the appropriate budget category or funding for the item would not exceed the 5% transfer of funding between cost categories rule; and
- Travel either in-state or out-of-state that is not identified in Exhibit B.

**Note: Subgrantees shall always discuss changes/revisions to the “Standard Agreement” with their MDT program specialist to determine the appropriate method to complete the change/revision.**

### **3.8 CONTRACT AMENDMENT REQUESTS**

A contract amendment request must be submitted to MDT seven (7) working days prior to the effective date of the change(s) and consists of one (1) signed cover letter, email request or memorandum from the subgrantee supporting the request.

### **3.9 APPROVAL OF CONTRACT AMENDMENT**

In determining approval of contract amendment requests, the following will be considered:

- Current and past performance
- Availability of funds
- Timeliness and quality of claims and Quarterly Reports
- Circumstances and justification for the request

### **3.10 WITHHOLDING, DISALLOWANCE, REDUCTION, TERMINATION AND/OR DENIAL OF GRANT FUNDS**

The MDT Program Specialist has the responsibility of recommending to the State Highway Traffic Safety Officer the cancellation of any project, which is not being implemented in accordance with applicable federal and state laws, or pursuant to the terms of the signed Standard Agreement. In addition, MDT will withhold or disallow grant payments, reduce or terminate grant funds, and/or deny future grant funding to any contractor that fails to comply with any term or condition of the “Standard Agreement” or program guidelines. This may include, but is not limited to, the following:

- Failure to submit acceptable and timely project proposal;
- Failure to submit acceptable and timely reimbursement claims; and
- Failure to submit acceptable and timely quarterly and final reports.

Should MDT deem it necessary to reduce or terminate grant funds, the project director will first receive a certified letter citing unacceptable project discrepancies, required corrective action, and penalty for not rectifying the discrepancies by a specified deadline. If corrective action is not taken by the deadline date, the stated penalty will be imposed. Payment for allowable costs up to the date of termination or reduction of grant funds will be subject to negotiation and availability of federal funds.

### **3.11 TERMINATION REQUESTED BY CONTRACTOR**

Agreements may be rescinded upon written request by the contractor when the agency is unable to implement the project. Upon review and approval by MDT, an agreement may be terminated without prejudice when the agency finds it is unable to continue with the

work for justified reasons beyond its control. In such circumstances, the agency must notify MDT immediately and the maximum reimbursement of claimed costs to the date of termination is limited to the actual expenditures incurred.

### **3.12 CLOSE OUT OF PROJECTS**

Immediately following the project ending date, a reminder letter is mailed to the project director. This serves as a reminder of the project end date and includes information to assist the project director with the final report, final reimbursement claim due date, and Equipment Report due date, if applicable; etc. (Chapter 4, 4.6).

### **3.13 FUND AVAILABILITY**

If, during the term of the contract period, federal funds become reduced or eliminated, MDT may immediately terminate or reduce the grant award upon written notice to the project director.

### **3.14 LIMITATION ON LIABILITY**

The standard agreement entered into with MDT is subject to any applicable restrictions, limitations, or conditions enacted by the United States Government subsequent to the execution of the “Standard Agreement”. The contractor shall comply with all federal, state and local laws and ordinances applicable to the work done under this Agreement. In the event of litigation over this Agreement, venue shall be in the First Judicial District in and for the County of Lewis and Clark, Montana, and the documents shall be interpreted according to the laws of Montana. The contractor shall be responsible for the settlement of any and all claims and lawsuits arising from or incident to MDT’s non-payment of the contractor’s claim. The contractor expressly acknowledges their responsibility includes the payment of all damages, expenses, penalties, fines, costs, charges, and attorney fees, if the claims and lawsuits are based upon MDT’s non-payment of claims. The contractor shall defend any suits brought upon all such claims and lawsuits. The contractor assumes all responsibility for ensuring and enforcing safe working conditions and compliance with all safety-related rules and regulations for the benefit of its own employees, subcontractor employees, and the public.

# ***Chapter 4***

## ***Fiscal Requirements***

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### **4.1 GENERAL**

This chapter describes the contractor's fiscal responsibilities and requirements related to project accounting and property records for MDT projects. Specific requirements for project accounting records, equipment management and disposition, record retention, and audits are detailed in subsequent sections of this chapter. In general, it is the contractor's responsibility to ensure that project costs are:

- Recorded in the agency's accounting system in a separate project account
- Incurred in accordance with agency's standard procurement policies and procedures
- Supported by detailed source documents that reliably account for funds expended
- Allowable and in accordance with authorized costs defined in the "Standard Agreement"

**Note: All project transactions are subject to audit. Failure to comply with the provisions of this chapter or any portion of the Grant Program Manual will result in audit exceptions, possibly subsequent loss of funds, and /or possible repayment of some costs.**

### **4.2 INTERNAL CONTROL**

Effective control and accountability must be maintained for all MDT grant and sub-grant cash, real and personal property, and other assets. Contractors are responsible for ensuring that all such property is adequately safeguarded and used solely for authorized purposes and included on the fixed asset list.

### **4.3 ACCOUNTING RECORDS**

Any system of accounting may be used as long as it conforms to generally accepted accounting principles. In general, this means the existing accounting system of an contractor may be used as long as:

- Records contain project information to include total project amount authorized, obligations, outlays or expenditures, unobligated balances, and income
- Project revenues and expenditures including labor are recorded in special project accounts
- Project expenditures can be clearly identified with authorized budgeted costs

**Note: Separate project records should include an itemized list of expenditures for each billing period to facilitate audits of project expenditures and preparation of reimbursement claims.**

## **4.4 ADEQUATE SOURCE DOCUMENTATION**

As mentioned in Chapter 2.3, in order for costs to be eligible for reimbursement, they must be adequately documented. This section provides the criteria for source documentation to be considered sufficient for each cost category.

### **4.4.1 Personal Services & Benefits**

Personnel costs must be based on documented payrolls and approved by a responsible official of the agency. In addition, the distribution of costs to MDT contracts must be supported by personnel activity reports, or time sheets, for all professional and nonprofessional staff billed. For each employee, these reports must be prepared at least monthly and coincide with one or more pay periods. At a minimum they must contain:

- An after-the-fact determination of actual activities worked
- All activities they were compensated for whether contract related or not
- Signatures of employee and an official with first-hand knowledge of activities

### **4.4.2 Travel Expenses**

Travel expenses must be supported by promptly prepared employee expense reimbursement claims and include appropriate itemized receipts. Conference and seminar expenses must also be supported by event agendas. If costs are billed for the use of agency-owned vehicles, records must be maintained indicating who used the vehicle, when, for what purpose, and for how many miles. The agency's cost records must show how the mileage rate or other billing rates were developed. Reimbursement for both in-state and out-of-state travel shall be at state or local government rates, or as specifically stated in the project proposal.

### **4.4.3 Contractual Services**

Services provided by an individual, organization, firm, or agency, must be supported by a properly executed contractual or interagency agreement. Payments on contractual agreements must be supported by itemized invoices and made in accordance with the terms of the agreement. Agencies must also maintain records sufficient to detail the history of the procurement.

**Note: See Chapter 6 for detailed information regarding MDT requirements for procurement and administration of reimbursable contractual services.**

### **4.4.4 Equipment**

The total cost of equipment includes modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for project purposes including tax, shipping, excluding any discounts. Equipment purchases must be supported by purchase orders or other original

documents authorizing procurement, signed by appropriate authorities. In addition, itemized invoices must be submitted.

**Note: Within 30 days after purchase, equipment must be reported to MDT using the Equipment Reporting Form. MDT utilizes this form to maintain accountability of equipment acquired for its projects. This form should not replace the contractor's regular property control records.**

#### 4.4.5 Other Direct Costs

The purchase of any other project supplies, materials, or minor equipment (less than \$5,000) or the procurement of services not requiring contractual agreements must be supported by documents authorizing procurement, signed by the appropriate authorities. In addition, itemized invoices as well as properly signed and dated itemized delivery and/or packing slips must be on file. Rental or lease costs must be supported by appropriate detailed agreements.

#### 4.4.6 Indirect Costs

If indirect costs are anticipated, a cost allocation plan or an indirect cost rate proposal must be **submitted to MDT and approved prior to contract approval**. Source documentation must be available to support the rate authorized by MDT for reimbursement.

### 4.5 EQUIPMENT MANAGEMENT REQUIREMENTS

If equipment is purchased using MDT funds, contractors will be accountable to MDT for the equipment as long as the current fair market value remains in excess of \$500 as well as an annual inventory report of the equipment. Contractor procedures for managing project equipment (including replacement equipment) acquired in whole or in part using MDT funds, until disposition takes place, must at a minimum include:

- Adequate controls for safeguarding against loss, damage, or theft of equipment
- Provisions for replacing equipment lost due to circumstances other than normal wear
- Maintenance procedures that will keep equipment in good working condition
- Properly maintained property records with the following information:
  - Description with serial or other unique identification number
  - Acquisition date and total cost
  - Location
  - Percentage of federal participation in cost
  - Ultimate disposition data including date of disposal and sale price

**Note: Physical inventory and reconciliation to property records is required to be performed every two years.**

### 4.6 MDT RECORDS AND REPORTING REQUIREMENTS

Property records for project equipment, which are subject to audit by MDT, shall also be made available in the project file and retained for three years after final disposition of the property or for three years after final project payment is made, whichever is later. Equipment Reporting Form (Exhibit E) is to be sent to MDT every two years starting from the date of acquisition, that includes identification of equipment, and current location. Contractor must contact MDT:

- Immediately after discovery of any project equipment loss
- To obtain approval before transferring, or conveying project equipment

#### **4.7 EQUIPMENT DISPOSITION**

At the end of a project, which includes any equipment purchase, the contractor must submit an updated Inventory Report with their final claim that indicates final disposition using the following criteria:

- Items with a current per-unit cost of more than \$5,000 will be retained as long as it will be used for, and there is a continued need to accomplish, the purpose of the original project or it can be used in connection with any other MDT sponsored activities.
- Items with a current per-unit cost in excess of \$5,000 that can no longer be used in connection with any MDT or other federally sponsored activities – Contact MDT and the following will be discussed:
  - Property may be returned to MDT for program use by other MDT funded agencies.

#### **4.8 COPYRIGHTS/TRADEMARKS**

MDT reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for federal or state government purposes the following:

- The copyright/trademark in any work developed under a grant, sub-grant, or contract under a grant or sub-grant.

#### **4.9 PROGRAM INCOME - RECORDS/REPORTING**

The program activities supported by MDT funding do not generate program income.

#### **4.10 RECORDS RETENTION**

The contractor must retain all project source documents and records and make them available for federal and state audit for a period of three years following the date of the final reimbursement of project expenditures. Records shall be retained beyond this date if audit findings have not been resolved.

#### **4.11 SINGLE AUDIT REQUIREMENTS**

MDT has the responsibility of ensuring that contractors have complied with the requirements of the Single Audit Act in accordance with the Office of Management and Budget (OMB) Circular A-133. The Montana Department of Administration Local Government Services Bureau notifies MDT of those cities, counties, and special districts that have not submitted an audit report or have not indicated to SHTSO that they are exempt each fiscal year. Contractors that are not in compliance will be notified and required to provide verification of compliance.

#### **4.12 MDT REVIEWS**

Periodic reviews of contractor, subrecipient, and subcontractor records for projects funded by MDT, are conducted as both on-site and desk reviews to ensure compliance with the provisions of this and any other chapters of the Grant Program Manual. Failure to comply with any of these provisions may result in audit exceptions and subsequent loss of funds.



# *Chapter 5*

## *Preparation of Reimbursement Claims*

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### **5.1 GENERAL**

This chapter provides the guidelines for the preparation and submission of claims for project reimbursement, Montana Highway Traffic Safety Project Reimbursement Claim Form, Exhibit C attached to each contract. Claims should be prepared using the contractor's accounting records and based only on recorded costs for the period covered. To ensure proper accounting for reimbursements, invoices submitted to MDT should be recorded as a receivable in the accounting system.

**Note: Claims not submitted on Exhibit C will not be reimbursed. The computerized version of this form is available at <http://www.mdt.state.mt.us/> or from your program specialist or grant accountant.**

### **5.2 REIMBURSEMENT CLAIM SUBMISSION**

Claims are to be submitted with an original signature and all required support documents attached. The project director or authorizing official, listed on the signature page of the "Standard Agreement" must sign the claim. Written delegation for any other official must be on file with MDT including the signature of the authorized individual. No one, unless previously approved, may sign "for" the designated official listed.

### **5.3 REIMBURSEMENT CLAIM DUE DATES**

The timeframe reimbursement claims are due will be documented in Section VI of your "Standard Agreement". Final claims are due to MDT no later than 45 days following the project end date, but may not be paid until MDT has received the project's final report and all supporting documentation.

### **5.4 REIMBURSEMENT CLAIM PREPARATION**

Reimbursement claims should be prepared using the detailed instructions provided in EXHIBIT C. To ensure your claims are not returned and reimbursements are timely, make sure they meet the following criteria:

- Ensure costs claimed match the line items authorized in the budget for each category
- Do not round-off costs
- Do not use white out or corrective tape
- Attach copies of legible invoices for contractual service and equipment costs
- Attach a signed and completed MDT, Equipment Reporting Form for all equipment purchases (Must reconcile to invoices submitted)

- Be sure claims are correctly computed and reconciled
- Ensure authorized signature is on the claim
- Do not include indirect costs unless you have submitted an Indirect Cost Plan and have received approval of the rate to be charged
- Do not bill for out-of-state travel unless it has been approved by SHTSO before the travel begins. In the event in-state travel is not specifically provided for in the proposal but becomes necessary, said travel shall also have prior approval by the State. Reimbursement for both in-state and out-of-state travel shall be at state or local government rates, or as specifically stated in the project proposal.

**Note: Claims not meeting these criteria may be returned and delay reimbursement.**

# ***Chapter 6***

## ***Procurement & Contract Administration***

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### **6.1 GENERAL**

This chapter highlights the more significant procurement standards that must be adhered to when purchasing goods or services for MDT projects. Specific requirements are provided for sole source procurements, procurement records, contractual services, contract management, and contracting with non-profit organizations. In general, agencies must follow the same policies and procedures it uses for procurements from its nonfederal funds provided they conform to applicable federal laws and standards.

### **6.2 FEDERAL LAWS AND STANDARDS**

The following contain the federal laws and standards that must be adhered to when procuring goods or services for MDT projects:

- Title 41 CFR, Part 105-71, Uniform Administrative Requirements for Grants and Cooperative Agreements (available at web site <http://www.access.gpo.gov/>)
- Title 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements
- Title 49 CFR, Part 19, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-profit Organizations
- Title 49 CFR, Part 26, Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs
- Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions (OMB circulars are available at website <http://www.whitehouse.gov/omb>)
- OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments
- Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government, A Guide for State, Local and Indian Tribal Governments, Implementation Guide for OMB Circular A-87 (available at website <http://www.hhs.gov/grantsnet/state/ft.html>)
- OMB Circular A-122, Cost Principles for Non-profit Organizations
- OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

**Note: State agencies must comply with contract and procurement policies and procedures as set forth in the State Administrative Rules, Montana Codes Annotated (MCA) and State Contracting Manuals. All other agencies must have copies of established procurement procedures available for audit purposes upon request by MDT.**

## 6.3 DEFINITIONS

### **Contractor**

Contractor means the private or government entity, either state or local, to which an MDT Sub-grant is awarded and which is accountable for the use of the funds provided. The contractor is the entire legal entity even if only a particular component of the agency is designated to handle the project. (Also referred to as the subgrantee).

### **Community Based Organization (CBO)**

Community Based Organization is a generic term for local, regional, and/or non-governmental entities, which are organized to work together on a community-based issue, need or problem and are often non-profit corporations (26 USC 501.C.3). CBOs are not “top down” agencies, but evolve over time from mutual interest or need at the community level. CBO’s may also be known as public interest groups, community service groups, injury prevention advocacy groups, and grassroots groups.

**Note: To receive MDT funding through a contractor, a CBO must be a legal entity registered with the Secretary of State.**

## 6.4 PROCUREMENT STANDARDS

All procurement and contractual transactions will be conducted in a manner providing full and open competition consistent with the standards of 49 CFR Section 18.36. Sole source procurement or contracting is discouraged because it is inconsistent with a policy of “full and open competition”. When procuring goods or services with sub-grant funds, contractors must also ensure costs are reasonable. A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The following must also be taken into consideration in determining the reasonableness of a given cost:

- Is the cost of a type generally recognized as ordinary and necessary for the performance of the governmental agency?
- Does the cost exceed the market price for comparable goods or services?
- Were the requirements imposed by such factors as sound business practices and arms length bargaining used?
- Did the individuals concerned act with prudence in the circumstances considering their responsibilities regarding the use of public funds?
- Were there significant deviations from the established practices of the contractor, which may unjustifiably increase MDT’s cost?

## 6.5 PROCUREMENT RECORDS

Contractors must also maintain records sufficient to detail the significant history of procurement. These records will include, but are not limited to the following:

- A rationale for the method of procurement and selection of contract type
- Written selection procedures and documented reasons for rejections
- The basis for the contract price

**Note: Procurement documentation must be made available for audit purposes upon request from MDT.**

## **6.6 SOLE SOURCE PROCUREMENTS**

MCA 18 – 4-306, MCA allows a contract be awarded for a supply or service item without competition under certain circumstances. This is known as “sole source”. The required item must be available only from a single supplier. Circumstances that could necessitate sole source procurement are:

- The compatibility of current services or equipment or replacement parts;
- No existent equivalent product; and
- One source is acceptable or suitable for the supply or service item.

**Note: Sole source approvals should be in accordance with the contractor’s procurement and contracting directives regarding non-competitive procurement and contracting.**

## **6.7 SOLE SOURCE RECORDS**

Procurement records supporting a sole source approval must be consistent with contractor’s procedures but at a minimum must contain the following:

- Justification why the purchase/service cannot logically and reasonably be made through a competitive bidding process including consequences if not approved
- A list of the vendor’s/contractor’s unique qualifications, experience, etc.
- A cost analysis, i.e., verifying the proposed cost data, the projections of data, and the evaluation of the specific elements of cost is necessary, unless reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation

## **6.8 CONTRACTUAL SERVICES**

All proposed contracts must be reviewed and approved by MDT prior to contract execution. The contractor must identify sole sourced contracts when draft is submitted to MDT. **Costs incurred under contracts not approved in advance by MDT may not be reimbursed.**

A pre-award review will be performed on proposed contracts in excess of \$50,000, and other contracts, as MDT deems necessary. The review will include:

- A determination of the propriety of amounts set forth in the cost proposal

- A determination of the adequacy of the contractor's system to segregate and accumulate reasonable allocable and allowable costs for charges to the proposed contract
- A determination that the agreement complies with all state and federal cost criteria

## 6.9 COMMUNITY BASED ORGANIZATIONS (CBO's) AND NON-PROFIT CORPORATIONS/ORGANIZATIONS

Contractual agreements with non-profit and community-based organizations or corporations must be on a cost reimbursement basis and include detailed budgets with budget narratives descriptive enough to limit misinterpretation of allowable cost items.

**Note: Contractors are also responsible for conducting pre-award internal control and financial responsibility assessments on CBOs receiving more than \$25,000.**

## 6.10 CONTRACT PROVISIONS

Agencies generally have their own standard contract format and language; therefore MDT does not dictate a standard format. While MDT does not require a specific format, within the context of the agency format, each contract must contain:

- **Contract Number.**
- **Taxpayer identification number.**
- **Identification of the parties.**
- **Purpose of the contract expressed in a short paragraph.**
- **Term for the performance or completion of the contract (specific dates/ length of time).**
- **Cost.** The contract must clearly express the *maximum amount to be paid* and *the basis on which payment is to be made*. Enough information must be present to be able to associate specific costs with services, tasks, or other deliverables in order to assess reasonableness of costs. Cost reimbursement contracts must include budgets and budget narratives that clearly define authorized costs and how they relate to the services provided.
- **Scope.** The work, service, or product to be performed, rendered, or provided. Clear and concise language must be used to describe the scope. The scope of work, or statement of work, should be specific and not be expressed in broad terms. Work to be performed should be broken down into specific tasks and each task should have a corresponding completion date.
- **Subcontracting provisions.** Any subcontracts are subject to reviews by the State Highway Traffic Safety Office. The same general terms, conditions, and certifications (Exhibit A) that apply to contractors also shall apply to subcontractors.
- **Reporting requirements.** Specify reporting requirements including content, due dates, format, distribution, etc.
- **Other general or unique terms and conditions of the agreement.** According to 49 CFR 18.36(i) and National Highway Traffic Safety Administration (NHTSA) prescribed certifications and assurances, each contract shall include the provisions

listed in EXHIBIT A. These provisions shall be referenced in the body of the contract and by reference made a part thereto.

- **Signature**, printed name, and title of a person representing each party who is authorized to legally bind that party.
- **Date**, - date the contract is signed.

## 6.11 CONTRACT CHECKLIST

The contract checklist, used by MDT to assist in the contract reimbursement approval process, is included as Exhibit I. Use of the checklist is required in preparing the contract and will assist in expediting the approval process.

## 6.12 CONTRACT MANAGEMENT RESPONSIBILITY

The contractor is responsible for the management of all contracts issued using MDT funds and must:

- Ensure contractor's compliance with contract provisions
- Ensure services are performed according to the quality, quantity, objectives, timeframes, and manner specified in the contract
- Ensure that all work is completed and accepted by the agency before the contract expires
- Assess and request amendments, renewals, or new contracts as required allowing sufficient time to process, obtain MDT approval, and execute such changes before the contract expires or funds are depleted in order to prevent a lapse in service.
- Review and approve invoices for payment ensuring payments are made in accordance with contract terms and work has been performed
- Monitor contract expenditures to ensure there are sufficient funds to pay for all services rendered as required by the contract
- Verify all requirements of the contract are fulfilled before approving final Reimbursement Claim Form.

# **Chapter 7**

## **Project Reports**

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### **7.1 GENERAL**

This chapter contains information about the project reports that must be submitted to the State Highway Traffic Safety Office (MDT). These reports include the Quarterly Report, Mobilization Report, Sustained Enforcement Quarterly and Final Reports, Equipment Reporting form and Final Report. For each report there is an explanation of why it is required, what information must be provided, what formatting should be used, and when the report is due to MDT. (See Section VI in your “Standard Agreement”).

### **7.2 QUARTERLY REPORTS**

The quarterly report should be a thorough report on project activities conducted during each quarter, as it is the main source of information used to determine project success and commitment. In addition, the information and data provided in this report is incorporated in the Annual Performance Report submitted by MDT to the National Highway Traffic Safety Administration (NHTSA). It is therefore critical that the quarterly report contain the following:

- Description of activities conducted to achieve goals and objectives
- Relationship of these activities to the project phase or time schedule
- Current and project-to-date report on progress for each goal and objective
- Comprehensive explanation of any challenges/difficulties/delays
- Anticipated effect of delays on total project cost and time schedule
- Detailed plan of action to correct any deficiencies in meeting goals and objectives

**Note: Your program specialist may provide additional quarterly report format requirements and forms if necessary. All forms are available electronically via email attachment, or on our website at <http://www.mdt.state.mt.us/>.**

### **7.3 QUARTERLY REPORT DUE DATES**

One copy of the quarterly report must be provided to MDT, no later than 30 days after the end of Each calendar quarter or partial quarter that the grant is active (i.e., no later than January 30, April 30, July 30, and October 30, of each year of project activity). Your agency name, project name, contract number are required on the appropriate forms included in your contract. Always indicate the quarter which is being reported.

- a) The initial quarterly report for a new project is required on the first due date shown in Section 7.3. which follows the effective start date of the project. This may result in the first report covering less than a full quarter period.



- b) A final quarterly report is required for any portion of activity occurring during the final quarter of project operations and may also cover less than a full quarter. Your program specialist may waive the requirement for this last report, unless it falls within the July-September reporting period.
  - The last quarterly report can also include the final report as long as it is submitted by October 30<sup>th</sup>. See page 1 of the “Standard Agreement”, Section III, “Reports”.

**Note: Failure to submit quarterly reports on time may result in the withholding or disallowance of grant payments, the reduction or termination of grant funds, and/or the denial of future grant funding (Chapter 3).**

## 7.4 FINAL REPORT

One copy of a Final Report of project accomplishments must be submitted to MDT within 30 days after completion of the project. The Final Report is used to:

- Determine project impact in reducing or solving identified traffic safety problem
- Determine project contribution to applicant’s/Montana’s Highway Traffic Safety Program
- Evaluate benefits derived in relation to costs incurred
- Assist other agencies with similar program deficiencies

The Final Report should be creative and resourceful. The Final Report must include, but is not limited to, the following factors:

- (a) Credits - “This project is a part of the Montana Highway Traffic Safety Office and was made possible through the support of the Montana Highway Traffic Safety Office, and the National Highway Traffic Safety Administration.”
- (b) Disclaimer - “The opinions, findings, and conclusions expressed in this publication are those of the authors and not necessarily those of the State of Montana Department of Transportation, or the National Highway Traffic Safety Administration.”
- (c) Project Personnel - Identify the key personnel who worked on the project together with their job titles and give a brief description of their contribution.
- (d) Goals and Objectives - Restate the objectives of the project as identified in the project agreement. This will allow analysis of the report as a self-contained document and will aid other agencies in defining their deficiencies.
- (e) Methodology – Describe in detail how the project was implemented. This description should speak specifically on how each task identified in the project agreement was accomplished. This will be helpful to other agencies that may desire assistance in the

same program area. MDT can use the methodology description to develop cost ratios for work performed and to develop an outline for implementing similar projects with maximum benefits.

(f) Problems - Describe any operational or cost problems that were encountered in project implementation. If known, state alternate methods that would have avoided the problem and increased the effectiveness of the project. This information will assist other agencies in avoiding the same problems.

(g) Results - Describe in detail the results of the project in terms of meeting each original goal and objective. Also describe the results in terms of how they will be specifically applied for future improvement of the agency's continuing traffic safety program. Where possible, describe estimated savings resulting from implementing project results. Describe how equipment purchased under the grant was utilized in accomplishing the objectives.

(h) Implementation Schedule - Outline the actual schedule for implementation of the project results, recommendations or countermeasures. Include the amounts budgeted for immediate implementation or the estimated fiscal requirements for future plans.

(i) Documentation - Include as a part of the Final Report, input and output documents developed. Examples are: new or revised forms, diagrams, management reports, photos, coding manuals, instructional manuals, etc. All photos and printed materials developed and produced through this grant must be approved prior to distribution.

**Note: Costs, recorded as expense after the project end date, are not allowable. Failure to submit the Final Report within 30 days after the project end date may result in a loss of grant funds (Chapter 3).**

- Problem Identification
- Goals and Objectives
- Strategies and Activities
- Major Goal and Objective Results
- Funding, Contact Person, Address and Phone Number

## 7.5 REPORTING AND CLAIMS TIMETABLE

The following is a quick reference timetable indicating the due dates for all reports and claim reimbursements:

<b>Quarter</b>	<b>Due Date</b>	<b>Quarterly Report</b>	<b>*Reimbursement Claim Forms</b>	<b>Final Reimbursement Claim Forms</b>	<b>Final Report</b>
Oct 1 – Dec 31	January 30	X	X		
Jan 1 – Mar 31	April 30	X	X		
Apr 1 – June 30	July 30	X	X		
July 1 - Sept 30	October 30	X	X		
30 days after project end date				X	X

## *Attachments*

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### **ATTACHMENTS**

#### **SPECIFIC TO:**

#### **ALL:**

- NHTSA GRANT FUNDING POLICY (includes Allowable/Unallowable Costs)
- NHTSA LOBBYING RESTRICTIONS
- REIMBURSEMENT CLAIM FORM

#### **LAW ENFORCEMENT:**

##### **a) EQUIPMENT**

- EQUIPMENT REPORTING FORM
- EQUIPMENT REPORTING FINAL REPORT FORM

##### **b) SELECTIVE TRAFFIC ENFORCEMENT PROGRAM (STEP):**

- MOBILIZATION REPORT FORM
- SUSTAINED ENFORCEMENT QUARTERLY REPORT FORM
- SUSTAINED ENFORCEMENT FINAL REPORT FORM



**U.S. DEPARTMENT OF TRANSPORTATION**

NATIONAL HIGHWAY TRAFFIC SAFETY  
ADMINISTRATION

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**HIGHWAY SAFETY GRANT FUNDING POLICY  
FOR FIELD-ADMINISTERED GRANTS**

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3. Costs subject to compliance
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  - b. Alcohol/drug testing devices
  - c. Ambulance
  - d. Helicopter
  - e. Fixed wing aircraft

B. Travel

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D. Program Administration

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### Appendix A - Table Summarizing Of Grant Funding Requirements

## **Highway Safety Grant Funding** **Policy for Field-Administered Grants**

### **INTRODUCTION**

The basic funding eligibility factors listed in this document apply to NHTSA field administered grants in accordance with 23 USC, Sections 402 (Highway Safety Programs), 405 (Occupant Protection Incentive Grants), 410 (Alcohol-Impaired Driving Countermeasures), 411 (State Highway Safety Data Improvements); 153 (Use of Safety Belts and Motorcycle



Helmets),154 (Open Container Requirements),157 (Safety Incentive Grants For Use of Seat Belts), 157 (Safety Innovative Grants for Increasing Seatbelt Use Rates); 163 (Safety Incentives to Prevent the Operation of Motor Vehicles by Intoxicated Persons),164 (Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving Under the Influence), and Section 2003(b) of P. L. 105-178 (TEA-21) (Child Passenger Protection Education Grants). They should be implemented in conjunction with **Office of Management and Budget (OMB) Circulars A-87, Cost Principles for State, Local and Indian Tribal Governments; A-21, Cost Principles for Institutions of Higher Education; A-122, Cost Principles for Nonprofit Organizations; and 45 CFR, Subtitle A - Appendix E to Part 74, Principles for Determining Costs Applicable to Research and Development Under Grants and Contract with Hospitals,** which provides basic guidance for all Federally assisted programs.

In addition to these cost principles, this grant funding policy is based on governing statutes, regulations and directives, and many of these supporting documents are contained in the *Highway Safety Grant Management Manual*. Sources include the following:

49 CFR-Part 18 -- Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;

23 CFR-Chapters II & III-- NHTSA and FHWA regulatory requirements applicable to

23 U.S.C., Sections 402, 405, 410, 411, 153, 154, 157, 163, & 164

NHTSA Order 462-6C -- Matching Rates for State and Community Highway Safety Programs, November 30, 1993.

To be allowable, **costs must be necessary, reasonable, allocable,** and Federal funds must be used **in accordance with the appropriate statute and implementing grant regulations.** Grant management rules require governmental units to monitor sub-awards to assure compliance with applicable Federal requirements and cost principles.

For general criteria for allowable costs, please see **Part I.** Basic Funding Guidance, **Part II.** for Allowable Costs Under Specific Conditions for Selected Items, or **Part III.** for Unallowable Costs for Selected Items.

## **General Program Features**

### **Section 402 - State and Community Highway Safety Programs (23U.S.C. 402)**

Section 402 funds are to be used to support the State's Performance Plan, which contains performance goals, based on the problems identified by the state, and Highway Safety Plan for the implementation of a program that addresses a wide range of highway safety problems that are related to human factors and the roadway environment and that contribute to the reduction of crashes, deaths, and injuries resulting therefrom. Section 402 enhances States' programs by providing resources to start up new, more effective projects; by catalyzing or accelerating State programs to address major safety issues with well-planned strategies; and by leveraging additional State and local investment in highway safety.

Prior to fiscal year (FY) 1998, NHTSA and FHWA had separate Section 402 appropriations funding highway safety grant programs. As of FY 1998, the Section 402 funds are all managed by NHTSA, and programs previously eligible for funding under FHWA's program are coded under NHTSA's "Roadway Safety".

The Uniform Procedures for State Highway Safety Programs (23 CFR Part 1200) and Highway Safety Programs; Determinations of Effectiveness (23 CFR Part 1205), provide comprehensive information concerning eligible activities.

### **Section 153 - Use of Safety Belts and Motorcycle Helmets (23U.S.C. 153)**

Section 153 Incentive grant funds were available, by application, between FY 1992 and FY 1994 to States that had in effect complying safety belt and motorcycle helmet use laws and, subsequently, for maintaining certain levels of public compliance under those laws. These grant funds may be carried forward but must continue to be used only for the implementation of occupant protection and motorcycle safety programs in the areas of education, law enforcement training, law compliance monitoring, and law enforcement activities.

Section 153 Transfer funds are to be used for the same purposes as the Section 402 funds (see preceding section). States that failed to put into effect complying safety belt and motorcycle helmet use laws by October 1, 1993, experienced a transfer of funds from their FY 1995 Federal-aid highway program to their highway safety program. For additional information on the use of the transfer funds, please refer to the July 19, 1994 Policy Memorandum entitled NHTSA/FHWA Guidance: Section 153 Transfer Funds and 23 CFR Part 1215, Use of Safety Belts and Motorcycle Helmets: Compliance and Transfer-of-Funds Procedures.

### **Section 157 - Safety Incentive Grants for Use of Seatbelts (23 U.S.C. 157)**

The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) established a program of incentive grants to encourage States to increase seat belt use rates. A State may use these grant funds for any project eligible for assistance under Title 23 U.S.C., including highway safety and highway

construction programs. Funds allocated to highway safety can be used under Sections 402, 405, 410, & 411, and they take on the characteristics of the program in which they are used.

**Section 157 - Safety Innovative Grants for Increasing Seatbelt Use Rates (23 U.S.C. 157)**

The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) established a program of discretionary grants to encourage States to increase seat belt use rates. A State may use these funds only to implement plans, approved by NHTSA, to boost seat belt use through effective enforcement, targeted public information, multi-faceted partnerships, improved legislation, and other appropriate measures.

**Section 405 - Occupant Protection Incentive Grant (23 U.S.C. 405)**

TEA-21 established a program of incentive grants to encourage States to adopt and implement effective programs to reduce highway deaths and injuries resulting from individuals riding unrestrained or improperly restrained in motor vehicles. A State may use these grant funds only to implement and enforce occupant protection programs.

**Section 2003b - Child Passenger Protection Education Grants (P. L. 105-178, Section 2003(b))**

TEA-21 established a program of incentive grants to encourage States to implement child passenger protection programs. A state may use these grant funds to implement programs that are designed to prevent deaths and injuries to children; educate the public concerning the proper installation of child restraints; and train child passenger safety personnel concerning child restraint use.

**Section 410 - Alcohol Impaired Driving Countermeasures (23 U.S.C. 410)**

TEA-21 amended the alcohol-impaired driving countermeasures incentive grant program to encourage States to adopt and implement effective programs to reduce traffic safety problems resulting from individuals driving while under the influence of alcohol. A state may use these grant funds only to implement and enforce impaired driving programs. New matching criteria for Section 410 began in 1998 with the passage of TEA-21. Therefore, Section 410 funds received prior to FY1998 (Pre-TEA21) are treated differently (See Part I, 3, Pre-TEA21 & TEA21).

### **Section 163 - Safety Incentives To Prevent the Operation of Motor Vehicles by Intoxicated Persons (23 U.S.C. 163)**

TEA-21 established a program of incentive grants to encourage States to establish 0.08 percent blood alcohol concentration (BAC) as the legal limit for drunk driving offenses. A State may use these grant funds for any project eligible for assistance under Title 23. Funds allocated to highway safety can be used for Sections 402, 405, 410, & 411, and they take on the characteristics of the program in which they are used.

**Note:** These funds are retained by FHWA and accounted for by the State's Highway agency. Specific codes, QN1 for NHTSA highway safety programs and QO8 for Federal-Aid highway type programs, have been established to allow for separate accountability.

### **Section 154 - Open Container Requirements (23 U.S.C. 154)**

The TEA-21 Restoration Act established a program to encourage States to enact Open Container laws. A State that does not have a conforming Open Container law by the beginning of a fiscal year, starting with fiscal year 2001, will have certain Federal-aid highway funds transferred to the State's Section 402 State and Community Highway Safety grant program during that fiscal year. These funds can be used for alcohol-impaired

driving programs and hazard elimination programs. Section 154 funds used for Alcohol take on the same characteristics as Section 402 funds, and Section 154 funds used for Hazard Elimination take on the same characteristics as FHWA's Section 152 funds.

**Section 164 - Minimum Penalties for Repeat Offenders for DWI or DUI (23 U.S.C. 164)**

The TEA-21 Restoration Act established a program to encourage States to enact Repeat Intoxicated Driver laws. A State that does not have a conforming Repeat Intoxicated Driver law by the beginning of a fiscal year, starting with fiscal year 2001, will have certain Federal-aid highway funds transferred to the State's Section 402 State and Community Highway Safety grant program during that fiscal year. These funds can be used for alcohol-impaired driving programs and hazard elimination programs. Section 164 funds used for Alcohol take on the same characteristics as Section 402 funds, and Section 164 funds used for Hazard Elimination take on the same characteristics as FHWA's Section 152 funds.

**Section 411 - State Highway Safety Data Improvements (23 U.S.C. 411)**

TEA-21 established a program of incentive grants to encourage States to adopt and implement effective programs to improve the timeliness, accuracy, completeness, uniformity, and accessibility of State data that is needed to identify priorities for national, State, and local highway and traffic safety programs; to evaluate the effectiveness of efforts to make such improvements; to link these State data systems, including traffic records, with other data systems within the State; and to improve the compatibility of the State data system with national data systems and data systems of other States to enhance the ability to observe and analyze national trends in crash occurrences, rates, outcomes, and circumstances.

A state may use these grant funds only to implement such data improvement programs.

## **PART I. Basic Funding Guidance**

The provisions of OMB Circulars A-87, A-21, A-122, and 45 CFR, Subtitle A - Appendix E to Part 74 are applicable (depending on the identity of the entity incurring the cost) for general determination of allowable costs, and are controlling in the event of a conflict with NHTSA grant policy, except where inconsistent with statute. For the purposes of determining allowable costs, the following criteria apply: (See also **Appendix A** for items 3, 4, and 5 below)

- Allowable costs must be **necessary, reasonable and allocable**, and funds must be used in accordance with the appropriate statute and implementing grant regulations.
- Costs must be consistent with the authorizing statute and implementing regulations and must not be in violation of **Federal, State and local laws**.

### **A. Planning and Administration Costs**

P&A costs are those direct and indirect expenses that are attributable to the overall management of the State's Highway Safety Plan. Costs include salaries and related personnel benefits for the Governors' Representatives for Highway Safety and for other technical, administrative, and clerical staff, for the States' Highway Safety Offices. P&A costs also include other office costs, such as travel, equipment, supplies, rent and utility expenses necessary to carry out the functions of the States' Highway Safety Offices.

#### **1. Funding Ceiling for P&A:**

***Section 402 (including Sections 157 Incentive & 163 designated as 402 funds)***

- A maximum of 10% of annual Section 402 program funds. **NOTE:** Indian Nations are exempt.

***Sections 153, 154 & 164 funds Transferred to Section 402***

- A maximum of 10% of annual Section 153, 154, or 164 transfer funds; however, for Section 153 only before this is applicable, the State must have obligated up to the full 10 % of available Section 402 program funds to P&A. **Note:** The amount a state programs for 154PA and/or 164PA must be related to the costs of planning and administration for only the alcohol programs and hazard elimination programs supported with transfer funds; these funds can not be used to offset the planning and administrative costs for highway safety programs in general, as is the case for P&A in the non-transfer portion of the Section 402 program. This is because the use of Sections 154 or 164 transfer funds is limited to alcohol programs and hazard elimination programs. For example, 154 or 164 P&A funds may be used to cover the costs a highway safety office incurs in developing and implementing new accounting procedures for hazard elimination programs, but not for the P&A costs to operate the Section 402 program.

**2. Matching Requirements for P&A:**

***Section 402 (including Section 157 Incentive and Section 163 designated as 402 funds and 154 & 164 funds Transferred to Section 402)***

- The Federal P&A share shall not exceed 50 percent of total P&A costs, except for select states using the sliding scale for match (See NHTSA Order 462-6C).
- No match is required for Section 163 funds, Sections 154 or 164 funds transferred to Section 402 , for U.S. Territories (23 U.S.C. 120(i)), or for Federally recognized Indian Tribal governments (23 CFR 1252) under the Indian highway safety program.



## **B. Matching Requirements**

The State matching amount is calculated as a percentage of the total (Federal and State) program costs. **NOTE:** Those States affected by nontaxable Indian lands, Public Domain lands, National Forest, National Parks and Monuments that qualify for "Sliding Scale Matching Rates" should refer to NHTSA Order 462-6C.

### ***Section 402 & 2003(b) (including Section 157 Incentive designated as 402 funds)***

- Federal share is not to exceed 80%.
- No match is required for U.S. Territories, or for the Indian Highway Safety Program.

### ***Pre-TEA21 - Sections 410 & 153 Incentive Funds***

- Federal share is not to exceed 75% the first year.
- Federal share is not to exceed 50% the second year.
- Federal share is not to exceed 25% the third year and beyond (where applicable).
- For Section 410 no match is required for U.S. Territories, or for the Indian Highway Safety Program.

### ***TEA21 - Sections 405, 410, & 411 (including Section 157 Incentive designated as 405, 410, or 411 funds)***

- Federal share is not to exceed 75% the first and second years.
- Federal share is not to exceed 50% the third and fourth years.
- Federal share is not to exceed 25% the fifth year and beyond (where applicable).
- No match is required for U.S. Territories, or for the Indian Highway Safety Program.

### ***Sections 153 , 154 & 164 funds Transferred to the Section 402 Program***

- No match is required.

### ***Section 163***

- No match is required.

### **Section 157 Innovative**

- No match is required.

### **C. Political Subdivisions Participation**

Political subdivisions are State-recognized administrative units having highway safety responsibilities below the State level and responsive to an electorate residing within a defined geographic area of the State.

***Section 402 (including Section 157 Incentive & 163 designated as 402 funds)***

- At least 40% of the total Federal annual obligation limitations must be used by or for the benefit of political subdivisions of the State, unless waived in writing (DC, Puerto Rico, and Territories). **NOTE:** Does not apply to Section 157 Innovative and Indian Nations - see below.
- A total of 95% of the funds apportioned to the Secretary of Interior for Federally recognized Indian Tribal governments is for local benefit/participation (i.e. for the benefit of Indian tribes).

### ***Sections 153 , 154 & 164 funds Transferred to the Section 402 Program***

- At least 40% of the total Federal annual obligation limitation is to be used by or for the benefit of political subdivisions of the State. **Note:** 40% requirement doesn't apply to Sections 154 & 164 funds designated as **Hazard Elimination**.

### **D. Proportionate Funding**

For all activities and equipment to be funded, which have components both related and unrelated to a highway safety grant, the Federal Government share shall be based proportionately on the projected utilization for the Federal (NHTSA) grant purposes. For example, the

NHTSA participation in the cost of Gas Chromatograph Mass Spectrometers for quantitative testing of drug evidential samples shall be on a pro rata basis. If a police department plans to use this equipment 20 percent of the time to identify drugged driving evidence and 80 percent of the time to identify evidence for the narcotics squad, the NHTSA participation must not exceed 20 percent of the total cost of the equipment.

## **PART II. Allowable Costs under Specified Conditions or limitations for Selected Items:**

The following costs are allowable under specified conditions. In the event of a conflict between this section and OMB Circular A-87, A-21, A-122, or 45 CFR, Subtitle A - Appendix E to Part 74, the provisions of the applicable Circular will be controlling (except where inconsistent with statute). The State may request additional information relating to allowable and unallowable cost items from the NHTSA Regional Offices.

### **A. Equipment**

23. Cost of purchases for **new and replacement equipment** with a useful life of more than one year and an acquisition cost of \$5,000 or more must be pre-approved by the appropriate grant-approving official(s). The approval may be part of the approval of the Performance Plan or part of a separate written request describing how the equipment would support the State's highway safety program.
24. NHTSA Roadway Safety (and pre-FY1998 FHWA Section 402 funds) may be used for the purchase and installation of **regulatory and warning signs and supports and field reference markers** designed specifically to meet FHWA- endorsed standards only for roads off the Federal-aid system (i.e. local roads or rural minor collectors).
25. **Costs** for the following items are **subject to compliance** with any applicable **standards and specifications** established by NHTSA, the Research and Special Programs Administration, the American College of Surgeons or by other nationally recognized standard-setting agencies (or

by state standards and specifications, as long as they are at least as stringent as applicable national standards and specifications):

- a. Police traffic **radar** and other speed measuring devices and costs for re-certification of such devices used by the police.
- b. **Alcohol/drug testing devices** and costs for re-certification of such devices.
- c. **Ambulance** costs not to exceed 25 percent for Federal share, unless the State submits to the appropriate NHTSA grant-approving official documentation supporting a higher percentage of highway safety utilization. Minimum requirements for an ambulance include: (1) meeting the GSA Federal Ambulance Specifications (KKK series); (2) being equipped in accordance with the essential equipment list recommended by the American College of Surgeons; (3) containing space for two litter patients and 60 inches of headroom for EMT's; (4) being manned by a minimum of one basic level EMT; and (5) having exterior vehicle lighting sufficient for identification as an ambulance.
- d. **Helicopter** costs, not to exceed 25 percent for Federal share, unless the State submits to the appropriate NHTSA grant-approving official documentation supporting a higher percentage of highway safety utilization. Helicopters must be equipped for emergency medical services (EMS) missions and for police traffic safety functions related to law enforcement, with an absolute priority accorded to EMS duty needs for crash site victim removal. Activity logs must be maintained to verify highway safety use and expenditures.
- e. **Fixed wing aircraft** costs, not to exceed 25 percent for Federal share, unless the State submits to the appropriate NHTSA grant-approving official documentation supporting a higher percentage of highway safety utilization. Activity logs must be maintained to verify highway safety use and expenditures.

## **B. Travel**

Costs for travel-related expenses for **out-of-state individuals** are allowable, provided such expenses are for specific services benefitting the host State's highway safety program.

## **C. Training**

26. Costs of **training personnel (but not Federal civilian or military employees)**, for highway safety purposes are allowable when the training supports the objectives of the State's highway safety

program. (See "Unallowable Costs" in Part III., Sections C.1. and C.2. under "Training" of this document). Training for Department of the Interior personnel who are assigned Section 402 responsibilities is covered under the 5% administrative take down.

27. Development costs of **new training curricula and materials** are allowable if they will not duplicate materials already developed for similar purposes by U.S. DOT/NHTSA/FHWA or by States. Costs are allowable to modify existing materials to meet particular State and local instructional needs.
28. Cost are allowable for **portable skid platforms and driving simulators**. However, proposed plans for this equipment need to be part of a NHTSA-approved training program. If the total cost of the skid platforms and driving simulators exceeds \$5,000, it falls into the major purchases category and requires NHTSA prior approval.

#### **D. Program Administration**

29. Costs are allowable for highway safety **consultant services** from universities, public agencies, non-government organizations and individuals for State or local highway safety support services or products consistent with the applicable OMB Circular, provided applicable State procurement procedures are followed and the State's official contract and procurement manual is maintained in the State's Highway Safety Office.
30. Costs are allowable to support a specific highway safety project with **promotional activities**, which offer incentives or encourage the general public to adopt highway safety practices. Documentation must be available to show that such activities do not violate State law. Promotional items and activities must directly relate to the project objectives.
31. Federal grant funds may be expended in **support of police-directed operations** to uncover unlawful practices associated with minimum drinking age laws. Funds may be utilized in the **purchase of alcoholic beverages** (but in no case for consumption) in "sting" type operations as long as the operations are not in conflict with any Federal, State or local laws.
32. Costs of **meetings and conferences**, where the primary purpose is the dissemination of technical information, are allowable, including meals, transportation, rental of meeting facilities, and other incidental costs. Adequate records must be maintained to document that the primary purpose of the meeting was for dissemination of technical information.

#### **E. Public Communications**

**Costs are allowed for the purchase of program advertising space** in the mass communication media, **for all highway safety grant funds except Sections 411 and 2003(b) grant funds.** This includes the purchase of television, radio time, cinema, internet, print media, and billboard space (See "402 Purchase Media Guidance" in the "Highway Safety Grant Management Manual" for additional conditions or limitations). **Note:** Television public service announcements created with the aid of Federal funds must contain closed-captioning of the verbal content.

### **PART III. Unallowable Costs for Selected Items:**

The following items are unallowable:

#### **A. Facilities and Construction**

- 33. Costs for **highway construction, maintenance, or design** (other than design of safety features of highways incorporated into Roadway Safety guidelines).
- 34. Costs for **construction or reconstruction** of permanent facilities, such as paving, driving ranges, towers, and non-portable skid pads.
- 35. Costs for **highway safety appurtenances** including longitudinal barriers (such as guardrails), sign supports (except as allowed under Allowable Costs with Conditions for selected Items, Part II.A.2.), luminaire supports, and utility poles. (FHWA safety construction Federal-aid funds are available.)
- 36. Costs for construction, rehabilitation, or remodeling for any buildings or structures or for purchase of **office furnishings and fixtures**. The following are some examples of those items:

Desk	Credenza	Storage Cabinet
Chair	Bookcase	Portable Partition
Table	Filing Cabinet	Picture, Wall Clock
Shelving	Floor Covering	Draperies & Hardware
Coat Rack	Office Planter	Fixed Lighting/Lamp

- 37. The cost of **land**.

## **B. Equipment**

- 38. Costs for the purchase of both fixed and portable **truck scales**. ( Motor Carrier safety program funds are available for truck scales.)
- 39. Costs for **traffic signal preemption** systems. (FHWA Federal-aid highway program funds are available.)

## **C. Training**

- 40. Costs to pay for an **individual's salary** while pursuing training or to pay the salary of the individual's replacement, which is considered supplanting, except to the extent that the individual's salary is already supported with highway safety funds under an approved project.
- 41. Costs of training **employees of Federal and military agencies**. **Note:** Training for Department of the Interior personnel who are assigned Section 402 responsibilities are covered under the 5% administrative take down.

## **D. Program Administration**

- 42. **Supplanting**, including: (a.) replacing routine and/or existing State or local expenditures with the use of Federal grant funds and/or (b.) using Federal grant funds for costs of activities that constitute general expenses required to carry out the overall responsibilities of State, local, or Federally-recognized Indian tribal governments.
- 43. NHTSA highway safety grant funds designated for any **research** purposes for which funds are authorized under 23 USC 403.
- 44. NHTSA highway safety grant funds used to defray expenses incurred or sought to be incurred for activities of **Federal civilian or military agencies or employees**. **Note:** For Department of the Interior, personnel expenditures for the Section 402 program are covered under the 5% administrative take down.
- 45. **Alcoholic beverages** for any consumption purposes, including controlled settings for the training of law enforcement officers in techniques for determining driver impairment.
- 46. Costs of **entertainment**, including amusement and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities).

47. NHTSA highway safety grant funds for **commercial drivers'** compliance with specific Federal Motor Carrier Safety Regulations.

#### E. Lobbying

48. Federal - the cost of **influencing the U.S. Congress and Federal agency officials** for activities associated with obtaining grants, contracts, cooperative agreements or loans.
49. State - No Federal funds may be used for any activity specifically designed to **urge or influence a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending** before any State or local legislative body. Such activities include both direct and indirect (e.g., "grassroots") lobbying activities, with one exception. This does not preclude a State official whose salary is supported with NHTSA funds from engaging in direct communications with State or local legislative officials, in accordance with customary State practice, even if such communications urge legislative officials to favor or oppose the adoption of a specific pending legislative proposal.

## APPENDIX A

### GRANT FUND REQUIREMENTS

Program Area	State Match	Planning & Administration	Local Use	Miscellaneous Information
Section 402	20% of total program costs; <b>Exception:</b> Select States use a sliding scale for State Match; <b>Exempt:</b> Indian Nations & Territories	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Exempt</b> - Indian Nations <b>Match:</b> 50%/a hard match; <b>Exception</b> - Select States use a sliding scale for State Match; <b>Exempt</b> - Indian Nations & Territories	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC, Puerto Rico, Indian Nations and Territories	
Section 405 - J2 TEA-21	25% 1 <sup>st</sup> - 2 <sup>nd</sup> yr. 50% 3 <sup>rd</sup> - 4 <sup>th</sup> yr. 75% 5 <sup>th</sup> - 6 <sup>th</sup> yr. (of total program	None	None	State will maintain its aggregate expenditures from all other sources for occupant



	costs) <b>Exempt:</b> Indian Nations & Territories			protection programs at or above the average level of expenditures for FYs 1996 & 1997
Section 410 - J7 Pre-TEA-21	25% 1 <sup>st</sup> Year 50% 2 <sup>nd</sup> Year 75% 3 <sup>rd</sup> Year plus subsequent years (of total program cost) <b>Exempt:</b> Indian Nations & Territories	None	None	State will maintain its aggregate expenditures from all other sources for alcohol traffic safety programs at or above the average level of expenditures for FYs 1990 & 1991.
Section 410 - J8 TEA-21	25% 1 <sup>st</sup> - 2 <sup>nd</sup> yr. 50% 3 <sup>rd</sup> - 4 <sup>th</sup> yr. 75% 5 <sup>th</sup> - 6 <sup>th</sup> yr. (of total program costs) <b>Exempt:</b> Indian Nations & Territories	None	None	State will maintain its aggregate expenditures from all other sources for alcohol traffic safety programs at or above the average level of expenditures for FYs 1996 & 1997.
Section 411 - J9 TEA-21	25% 1 <sup>st</sup> - 2 <sup>nd</sup> yr. 50% 3 <sup>rd</sup> - 4 <sup>th</sup> yr. 75% 5 <sup>th</sup> - 6 <sup>th</sup> yr. (of total program costs); <b>Exempt:</b> Indian Nations & Territories	None	None	State will maintain its aggregate expenditures from all other sources, <b>except those authorized under Chapter I of Title 23 of the United States Code</b> , for highway safety data and traffic records programs at or above the average level of expenditures for FYs 1996 & 1997.
Section 153 Incentive - HB Pre-TEA-21	25% 1 <sup>st</sup> Year 50% 2 <sup>nd</sup> Year 75% 3 <sup>rd</sup> Year (of total program costs)	None	None	State will maintain its aggregate expenditures from all other sources for traffic safety programs regarding education, training, monitoring, or enforcement of the use of safety belts and motorcycles helmets at or above the average level of expenditures for FYs 1990 & 1991.
Section 153 Transfer Pre-TEA-21	None	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Exempt:</b> - Indian Nations	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC & Puerto Rico	

		<b>Condition:</b> Cannot be used unless 10% 402 PA is obligated <b>Match:</b> None required		
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Program Area	State Match	Planning & Administration	Local Use	Miscellaneous Information
Section 154 & 164 Transfer AL - Open Container & Repeat Offender Funds HE - Open Container & Repeat Offender Funds TEA-21	None	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Exempt</b> - Indian Nations <b>Match:</b> None required	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC, Puerto Rico, & HE - Open Container & Repeat Offender Funds	AL - Alcohol funds take on the characteristics of Section 402 funds and HE - Hazard Elimination funds take on the characteristics of FHWA's Section 152 funds.
Section 157 Incentive funds designated as Section 402 program TEA-21	20% of total program costs; <b>Exception:</b> Select States use a sliding scale for State Match;	Ceiling: P & A funds restricted to 10% of federal funds received annually; <b>Match:</b> 50% hard match; <b>Exception</b> - Select States use a sliding scale for State Match;	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC & Puerto Rico	These funds take on the characteristics of the Section 402 funds.
Section 157 Incentive funds designated as Sections 405, 410, or 411 TEA-21	25% 1 <sup>st</sup> - 2 <sup>nd</sup> yr. 50% 3 <sup>rd</sup> - 4 <sup>th</sup> yr. 75% 5 <sup>th</sup> - 6 <sup>th</sup> yr. (of total program costs);	None	None	These funds take on the characteristics of the program the funds are applied against.
Section 157 Innovative funds	None	None	None	
Section 163 designated as Section 402 program TEA-21	None	Ceiling: P & A funds restricted to 10% of federal funds received annually; <b>Exempt</b> - Indian Nations <b>Match:</b> None required	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC & Puerto Rico	These funds take on the characteristics of Section 402 funds. These funds are retained by FHWA and accounted for by the State's Highway agency and specific codes: <u>QN1</u> for NHTSA highway safety programs and <u>QO8</u> for Federal-Aid highway type programs have been established to allow

				for separate accountability
Section 163 funds designated as Section 405, 410, or 411 TEA-21	None	None	None	These funds take on the characteristics of the program the funds in which they are used. These funds are retained by FHWA and accounted for by the State's Highway agency and specific codes: <u>QN1</u> for NHTSA highway safety programs and <u>QO8</u> for Federal-Aid highway type programs have been established to allow for separate accountability
Section 2003B - J3 TEA-21	20% of total program costs; <b>Exempt:</b> Indian Nation & Territories	None	None	

# Memorandum

## **U.S. Department of Transportation National Highway Traffic Safety Administration**

Date: APR 30 2004

Subject: Update on Lobbying Restrictions on  
State Officials Who Receive NHTSA Funds

From: Jacqueline Glass  
Chief Counsel

To: Marlene Markinson  
Associate Administrator for ICOR

By memorandum of February 25, 2000, we summarized the impact of then new lobbying restrictions on State officials who administer or whose salaries are supported, in whole or in part, by NHTSA funds. Since that time, some of the restrictions discussed in that memo have changed. The purpose of this memorandum, which supersedes our February 25, 2000 memo, is to update you and members of your staff on existing restrictions on lobbying activity by State officials supported by NHTSA funds.

Currently, lobbying prohibitions are contained in two Federal statutes: (1) The Anti-Lobbying Act (a criminal statute), 18 U.S.C. § 1913; and (2) The Transportation Equity Act for the 21st Century (TEA-21), 49 U.S.C. § 30105.

### Restriction on Grassroots Lobbying

The Anti-Lobbying Act, which Congress broadened in scope in 2002, prohibits the use of appropriated funds, directly or indirectly, to pay for:

any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device intended or designed to influence in any manner a member of Congress, a jurisdiction, or an official of any government, to favor, adopt, or oppose, by vote or otherwise, any legislation, law, ratification, policy, or appropriation, whether before or after the introduction of any bill, measure, or resolution proposing such legislation, law, ratification, policy or appropriation.

Violators are subject to a fine of not more than \$500, imprisonment of not more than one year, or both, and removal from office.

The Act prohibits the use of Federal funds for "grassroots" lobbying campaigns that encourage third parties, members of special interest groups or the general public to contact members of Congress or of a State or local legislature or an official of any government in support of or in opposition to a legislative, policy or appropriations matter. It applies to activities both before and after the introduction of legislation.

These prohibitions apply to all DOT funds, including NHTSA funds awarded to States under grants, cooperative agreements and contracts. Accordingly, these prohibitions apply to State officials whose salaries are supported, in whole or in part, by NHTSA funds.

#### TEA-21 Restrictions on Lobbying State and Local Legislators

The Transportation Equity Act for the 21st Century (TEA-21), which was enacted in 1998, prohibits the use of NHTSA funds for "any activity specifically designed to urge a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any State or local legislative body."

This prohibition imposes additional lobbying restrictions on NHTSA, such as by prohibiting agency officials from:

- Visiting or sending letters to State or local legislators, urging them to favor or oppose specific State or local legislation pending in those jurisdictions; or
- Developing and providing to anyone (including lobbyists) materials designed expressly to advocate for the enactment or repeal of specific pending State or local legislation.

It is the agency's continued view, however, that these restrictions do not apply to State officials engaged in State-sanctioned communications with their legislatures, even if their salaries are supported, in whole or in part, with NHTSA funds. We believe that any direct communications between State executive officials and State or local legislators properly are governed by the laws, regulations and customary practice in the State.

#### Special Provision in TEA-21 regarding Testimony

Although TEA-21 restricts communications between NHTSA officials and State or local legislators, the TEA-21 restriction "does not prohibit officers or employees of the United States from testifying before any State or local legislative body in response to the invitation of any member of that legislative body or a State executive office. "Accordingly, State executive officials should note that they (as well as members of a State or local legislative body) are authorized to invite Federal officials to testify before that legislative body on pending legislation. (NHTSA officials have been advised that any such invitation should be documented in writing.)

If you or your staff have questions or need further information regarding lobbying restrictions, please contact John Donaldson, Assistant Chief Counsel for Legislation and General Law.

State Highway Traffic Safety Office  
 Montana Department of Transportation  
 2701 Prospect Avenue  
 P.O. Box 201001, Helena, MT 59620

(406) 444-3675  
 Fax (406) 444-9409

### MONTANA HIGHWAY TRAFFIC SAFETY PROJECT REIMBURSEMENT CLAIM FORM

Submitted herewith for payment are listed expenditures in conjunction with (enter the name from page one of your contract) «ENTITY» \_\_\_\_\_ for State Highway Traffic Safety contract # «CONTRACT\_» \_\_\_\_\_ for the period from \_\_\_\_\_ to \_\_\_\_\_.

Payment for this claim should be sent to: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

My taxpayer identification # is: \_\_\_\_\_

**A. Personal Services**

1. Salaries \$ \_\_\_\_\_
2. Benefits \_\_\_\_\_

**B. Contracted Services**

**C. Paid Media**

**D. Supplies & Materials**

**E. Maintenance Supplies & Materials**

**F. Other Direct Costs**

1. Travel Expenses \_\_\_\_\_
2. Equipment Purchases \_\_\_\_\_

**G. Indirect Costs**

**TOTAL COSTS** \$ \_\_\_\_\_

I hereby certify that in accordance with the laws of the State of Montana and under the terms of the approved program listed above the actual costs claimed have been incurred for the purposes specified, that no claim has been presented to or payment made by the United States for actual cost reimbursement claimed herein. ***Supporting documentation, including time slips, invoices, disbursement vouchers, etc. are maintained and are available for audit.***

\_\_\_\_\_

Project Director's Signature

Date

<b>Exhibit D</b>  <b>EQUIPMENT REPORTING FORM</b>	CONTRACT NUMBER			CONTRACT NAME:		
				Return Form To: <b>Montana Department of Transportation</b> <b>State Highway Traffic Safety Office</b> <b>P. O. Box 201001</b> <b>Helena, MT 59620-1001</b>  <i>Important!</i> Submit this report with your claim reimbursement		
Item Description	Make	Model	Serial Number	Cost	Date of Purchase	Location
I hereby certify that the above equipment has been received and added to our equipment accounting records.						
_____			_____			
Project Director's Signature			Date			

## Exhibit E

### Law Enforcement Equipment Purchase Final Report

<b>Contract Number:</b>
<b>Law Enforcement Agency:</b>

Was the equipment received and installed?

Describe any difficulties you may have encountered related to this project.

Were there problems with billing, reimbursement and oversight by the State Highway Traffic Safety Office? Do you have any suggestions on how we can improve our service to you?

Could you briefly describe how this equipment purchase has helped your agency with the enforcement of laws related to traffic safety including DUI related offenses?

Please include any other information related to this project that you consider important.

\_\_\_\_\_  
Signature of Project Director

\_\_\_\_\_  
Date

Please submit this form to the State Highway Traffic Safety Office within 30 days of the end of the contract period. Send to: Montana Department of Transportation  
State Highway Traffic Safety Office  
P O Box 201001  
Helena, MT 59620-1001



**Exhibit D**  
Highway Traffic Safety  
**MOBILIZATION REPORT FORM**

CONTRACTOR: \_\_\_\_\_ CONTRACT NUMBER: \_\_\_\_\_

Please Check the Appropriate Mobilization Period Conducted by Your Agency:

**Christmas - December 15, 2004 – December 31, 2004** \_\_\_\_\_

**May Mobilization - May 23, 2005 – June 5, 2005** \_\_\_\_\_

**Labor Day - August 19, 2005 – September 5, 2005** \_\_\_\_\_

ACTUAL DATES OF ACTIVITY: \_\_\_\_\_ through \_\_\_\_\_

Type of Ticket or Arrest	Number of Citations Written	Mobilization Overtime Hours
Specifically on DUI Enforcement		
Specifically on Belt Enforcement		
Combined DUI/Belt Enforcement		

TYPE OF OFFENSE	Number of Citations, Arrests or Warnings	Mobilization Period Overtime Hours
DUI Arrests		
Speeding Citations		
Speeding Warning		
Seat Belt Citations		
Child Restraint Citations		
Reckless Driving Citations		
No Proof of Insurance Citations		
Other Traffic Citations		
<b>RELATED ACTIVITY</b>		
Drug Arrests		
Other Felony Arrests		
Fugitives Apprehended		
Stolen Vehicles Recovered		
Driving with Suspended License		
Other		

After the enforcement period, compile agency totals to the degree possible, place on this form, and fax or mail this document to the State Highway Traffic Safety Office. FAX #: (406) 444-9409.

Reporting forms may also be submitted by e-mail to: [agoke@state.mt.us](mailto:agoke@state.mt.us)

The Microsoft Word or Excel file of this form is available on our web site or can be emailed to you at your request.

**PLEASE FAX OR E-MAIL WITHIN ONE WEEK AT THE END OF THE MOBILIZATION**

## Exhibit E

### Highway Traffic Safety LAW ENFORCEMENT QUARTERLY REPORT

If you have overtime hours for both a mobilization and your usual sustained enforcement efforts, include the data for both activities combined during the appropriate quarter.

CONTRACTOR: _____
CONTRACT #: _____

Check one

<input type="checkbox"/>	Oct 1 – Dec 31
<input type="checkbox"/>	Jan 1 – Mar 31
<input type="checkbox"/>	Apr 1 – Jun 30
<input type="checkbox"/>	Jul 1 – Sep 30

Approximate Officer Hours and Number of Citations Written During the Quarter	
	# of Overtime Hours
Specifically on DUI Enforcement	
Specifically on Belt Enforcement	
Combined DUI/Belt Enforcement	

TYPE OF OFFENSE	Number of Citations, Arrests & Warnings
DUI Arrests	
Speeding Citations	
Speeding Warning	
Seat Belt Citations	
Child Restraint Citations	
Reckless Driving Citations	
No Proof of Insurance Citations	
Other Traffic Citations	
<b>RELATED ACTIVITY</b>	
Drug Arrests	
Other Felony Arrests	
Fugitives Apprehended	
Stolen Vehicles Recovered	
Driving with Suspended License	
Other	

Please provide information about accomplishments and difficulties encountered during this reporting period:

Please mail or fax this document to (406) 444-9409, Attention: Al Goke. You may also e-mail it to: [agoke@state.mt.us](mailto:agoke@state.mt.us). PLEASE SUBMIT THIS FORM TO THE STATE HIGHWAY TRAFFIC SAFETY OFFICE WITHIN 30 DAYS AFTER THE END OF THE QUARTER.

**Exhibit F**  
**Highway Traffic Safety**  
**LAW ENFORCEMENT FINAL REPORT**

AGENCY : _____
----------------

CONTRACT #: _____
-------------------

Describe the overall results of the enforcement project.

Did the project achieve what you envisioned? Did you feel it affected the public's perception of enforcement?

Were there difficulties encountered with the enforcement project or other related activities?

Were there problems with billing and reimbursement?

Do you have other comments about the project?

**Please submit this form to the to the State Highway Traffic Safety Office within 30 days after the end of the contract period. Fax number is (406) 444-9409.**

**Please contact Al Goke by phone at (406) 444-7301 or by e-mail [agoke@state.mt.us](mailto:agoke@state.mt.us) if you have any questions.**